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Summary

¶11. (C) Panama's opposition panorama is beginning to clarify as two opposition coalitions are emerging. Presidential candidate Ricardo Martinelli announced recently that his Democratic Change (CD) had reached an alliance agreement with Patriotic Union (UP), an alliance that UP is expected to ratify at a party convention in November. Meanwhile, presidential candidate Juan Carlos Varela's Panamenista Party appeared to have essentially sealed, though not have announced, an alliance with the Movement of Liberal Republican Nationalists (MOLIRENA). Moral Vanguard of the Nation's presidential candidate Guillermo Endara appeared to be looking for a soft landing to allow him to exit the race, and most observers believed Endara would ally with the Panamenistas. Minister of Canal Affairs Dani Kuzniecky shared with POLOFF some of President Martin Torrijos' political views regarding the evolving PRD internal race and the broader general election campaign. In this edition of the Panama Post, our headlines are:

-- Cabinet Minister Dishes on Dynamics in Torrijos Administration
-- Panamenista and MOLIRENA Parties Essentially Allies
-- Ford to Take Leave of Absence from UP
-- "I'll be Martinelli's VP candidate"
-- Dealing with the "Moscoso" Factor
-- Endara Hangs in for Now

End summary.

Cabinet Minister Dishes on Dynamics in Torrijos Administration

¶12. (C) "Torrijos now realizes how little time is left (in his Administration) and is working at full steam, something he should have been doing before," Minister of Canal Affairs Dani Kuzniecky told POLOFF on August 15. "He's finally getting operational after taking three years to learn to make decisions, and he is now giving firm and specific orders." Kuzniecky also commented, "Torrijos has been left alone. His friends like (former Minister of Government Ubladino) Uba Real and (former Minister of Industry and Commerce Alejandro) Andy Ferrer deserted him after fulfilling their personal interests and that leaves only a handful of ministers who are multitasking and giving him our full support." In particular, First VP and FM Samuel Lewis was "working

incessantly" for Torrijos, Kucniecky said, highlighting Lewis' legendary loyalty to Torrijos.

¶13. (C) Governing Revolutionary Democratic Party (PRD) presidential nomination candidate "Balbina (Herrera) is desperate to identify a vice presidential running mate, but is having no success," Kuzniecky said. "I was not even flattered when (PRD fundraiser and behind the scenes operative) Jimmy Arias invited me to lunch to offer me the vice presidential position under Balbina." All the previous VP offers had gone to individuals with similar characteristics, Kuzniecky explained, they were "white, younger than her, and well-to-do men," including Ferrer, Panamanian Ambassador to the U.S. Frederico "Freddy" Humbert, and Lewis. "I told Arias, 'Thanks, but no thanks, I'm not even a (Revolutionary Democratic Party) PRD member,'" Kuzniecky explained.

¶14. (C) Recently, Kuzniecky said that Torrijos had invited him to a one-on-one lunch, "which is something we do not do often as I am not part of his political team." Torrijos told Kuzniecky that he would not indicate publicly whom he supported in the PRD primary, Herrera or Panama City Mayor Juan Carlos Navarro. That said, Torrijos allegedly confided that he was "inclined to help Balbina somehow." Kuzniecky then said he told the President, "I saw it coming, so I immediately told him that Jimmy had already made me an offer that I turned down. I bluntly told him that I would probably not even vote with the PRD in 2009." In response, Torrijos calmly said, "(Panamenista presidential candidate Juan Carlos) Varela's political proposal is very similar to what I offered in 2004. The government is spent and exhausted. The likely government candidate (Herrera) smells of old rotten bones, but Varela is the new chicken in the chicken coop. It's a simple and easy decision." Regarding PRD presidential nomination candidate Navarro, Kuzniecky said, "Martin cannot help Navarro; they had a political confrontation in the past. Furthermore, Samuel Lewis despises -- despises (using the word in English and Spanish) -- his cousin (Navarro), so Martin will not betray Samuel given his proven loyalty."

¶15. (C) Comment: Torrijos is keenly aware that time is running out on his administration. Indeed, Kuzniecky opened his discussion by showing his new "toy" that Torrijos had just given him: a pocket-sized digital clock that counted down the time left before his administration left office on July 1, 2009. Kuzniecky portrays a president who has finally decided to take action only to realize that there is not much time left on the game clock and who is eager to secure a partner for likely PRD presidential candidate Balbina Herrera who can help assure Torrijos his legacy.

Panamenista and MOLIRENA Parties Essentially Allies

¶16. (C) Though the final "i"s still need to be dotted and the final "t"s crossed, the Panamenista and Movement of Liberal Republic Nationals (MOLIRENA) parties are essentially allies. Still to be finalized are the details for a few local level slates, POLOFF learned recently. This alliance-in-waiting was on full display on August 12 at MOLIRENA's dinner in honor of the 28th anniversary of the party's founding. Commemorating key MOLIRENA leaders over the years, several MOLIRENA speakers, including MOLIRENA President Sergio Gonzalez-Ruiz, referred to Panamenista presidential candidate Juan Carlos Varela (in attendance) as the future President of Panama. MOLIRENA leaders and Panamenista leaders slapped each other on the back, told war stories of past campaigns together, and spoke as if an alliance had been announced and formalized, neither of which has happened. Moral Vanguard of the Nation (VMP) presidential candidate Guillermo Endara was also present.

¶17. (C) Comment: Panamenista members nearly outnumber MOLIRENA members two to one at this MOLIRENA event. VMP could only fill about half of a ten person table. MOLIRENA, wracked by in-fighting in recent years, has been greatly weakened by

defections to other parties (most notably former First VP Guillermo "Billy" Ford but also youth leader Abraham Carrasquilla who took several dozen youth members with him). Ford was the only representative from the Democratic Change (CD)-Patriotic Union (UP) alliance. Sitting next to POLCOUNS through the dinner, Ford reminisced about the days when MOLIRENA was the "life blood" of the anti-Noriega opposition and visibly winced when speakers referred to him as the "President of Patriotic Union." "I'll always be a MOLIRENista," Ford said. Indeed, this August 12 dinner took on the aura of a Panamenista-MOLIRENA-VMP alliance that would compete against the CD-UP alliance and the PRD.

Ford to Take Leave of Absence from UP

18. (C) "I am going to take a leave of absence from Patriotic Union (UP)," UP President and former First VP Guillermo "Billy" Ford told POLCOUNS on August 15. Frustrated that his party's VPs had not consulted with him before taking UP into an alliance with Ricardo Martinelli's Democratic Change (CD) party, Ford explained, "I was hoping to use our muscle to broker a grand opposition alliance, but Jose Raul Mulino and Anibal Galindo went behind my back and signed an alliance deal with Martinelli." Ford acknowledged, however, that the prospects for a grand alliance were very thin: Panamenista presidential candidate Juan Carlos Varela had decimated his primary opponent, CD presidential candidate was "thickheaded" and dead set on running for president, and the governing Revolutionary Democratic Party (PRD) prospects at a "sure win" were starting to dim with the likelihood that Herrera would win the PRD primary. Herrera was the ideal candidate for the opposition to confront, something that ironically complicated rather than facilitated opposition unity.

19. (C) Comment: Ford stood next to no chance at playing the bridge building role to which he aspired. Ford was chosen to preside over UP, a new political entity formed by the uniting of the Liberal National and the Solidarity parties, because he was one of the few figures in Panama acceptable to all members of this new party. Once former Panamenista presidential aspirant Alberto Vallarino was knocked out of the race, the die was essentially cast that UP would join CD in an alliance. Vallarino is the son-in-law of behind-the-scenes UP godfather and Panamanian politics puppet master Samuel "Don Sammy" Lewis Galindo. (Don Sammy is also First VP and FM Samuel Lewis Navarro's uncle.) His son-in-law out, Don Sammy had little to gain from an alliance with the Panamenistas. Furthermore, viewing Varela as the weaker of the two Panamenista options, UP VP Jose Raul Mulino calculated that UP could do better with Martinelli. Both developments cleared the way for pro-Martinelli UP VP Anibal Galindo to steer the party into alliance with CD.

"I'll be Martinelli's VP candidate"

10. (C) "I will be Martinelli's vice presidential running mate," Patriotic Union (UP) VP Anibal Galindo told POLCOUNS on August 13. Galindo said that UP would make its announcement in mid-October and then formalize both its alliance with Democratic Change (CD) and his VP candidacy at a UP convention in November. Galindo said that UP would give CD the structure and political discipline it needed to win. Galindo saw little chance that CD and UP would be able to join with the Panamenista and Movement of Liberal Republican Nationalists parties to form a grand opposition alliance.

11. (C) Comment: Galindo has been angling for a vice presidency for months now. The Panama Post has not yet been able to confirm with the Martinelli camp whether indeed Galindo will be Martinelli's running mate, but the Panama Post believes that a Galindo vice presidential candidacy was likely a key element of the CD-UP alliance pact.

Dealing with the "Moscoso" Factor

¶12. (C) "Juan Carlos (Varela) is not doing enough to pull the Panamenistas together," Panamenista primary presidential race also-ran Alberto Vallarino groused to POLCOUNS on August 14. Explaining that his support came from two key groups in the party, Vallarino said, "The National Assembly deputies who supported me are political animals; they know how to get over things quickly and to adjust to the new political reality. (Former President) Mireya Moscoso's crowd though, profoundly distrusts Varela." Vallarino concurred that it would be difficult for Varela who had defined himself politically as being the one to clean up the party following the mess created by Moscoso's exit from office under an ethical cloud highlighted by serious corruption allegations. "Varela campaign under the 'clean hands' slogan, and so he needs to be very careful how he comes to terms with Mireya," Vallarino said.

¶13. (C) Jose Luis "Popi" Varela, Juan Carlos Varela's brother and campaign manager, confirmed to POLCOUNS on August 18 that they would have to reach some "understanding" with Moscoso if they were to be able to unify the Panamenista party. "Juan Carlos has tapped me to engage 'La Dona', referring to Moscoso. "I am going to try to convince her that she should not fear a victory by my brother." Jose Luis Varela noted that Martinelli had already tried to hit Varela hard with an ad that linked Varela to Moscoso. "We did not ask the Electoral Tribunal (TE) to quash that ad, because we are prepared to attack Martinelli as another 'traditional' politician by underscoring his ties to Moscoso. My brother stands by his record of working to renew the party after the Moscoso years."

¶14. (C) Comment: Slowly but surely, the Panamenista party is unifying. Moscoso is a tough-as-nails political tactician, and Popi may very well may be able to secure her commitment to lie low and stay out of the limelight.

Endara Hangs in for Now

¶15. (C) Trailing badly in the polls, "there's no rush to pull out of the race now," former President Guillermo Endara's right-hand man Menalco Solis told POLCOUNS on August 12. For the time being, Endara's Moral Vanguard of the Nation (VMP) party would keep plugging away on its campaign. Solis, who was accompanied by his wife and National Assembly Deputy Mireya Lasso, said that VMP would release a USD 1 million add campaign soon to advocate for the party and its presidential candidate. Asked if that was essentially all the cash that the party, Solis acknowledged, "Yes." Solis, who previously has always brushed away suggestions that Endara would exit the race, for the first time said that Endara might step down in November or December.

¶16. (C) Comment: So what's keeping Endara in the race? Three things are: Anamae, Mireya, and the party. First, Endara wants to ensure his wife Anamae's place on an alliance ticket ideally for Mayor of Panama City. Second, Solis wants to ensure that his wife, Mireya Lasso, will secure the support necessary to win re-election to her seat in the National Assembly. Third, Endara wants to ensure that VMP, which has lost nearly 30,000 or about half of its members in recent months, continues to exist as a party; to do so, it must secure a minimum number of locally elected seats. The Panamenista primary by assigning candidates to virtually all electoral openings complicated a Panamenista-VMP alliance because now the Panamenistas would have to encourage somebody to step down to make space for Anamae and Mireya.

STEPHENSON